



**The Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: S.T. Research Corporation

File: B-233115

Date: February 15, 1989

DIGEST

1. Procuring officials enjoy a reasonable degree of discretion in evaluating proposals, and the General Accounting Office will not disturb an evaluation where the record supports the conclusions reached and the evaluation is consistent with the criteria set forth in the solicitation.
2. Where an agency led an offeror into the areas of its proposal that were technically unacceptable and afforded the offeror an opportunity to submit a revised proposal, meaningful discussions were conducted.

DECISION

S.T. Research Corporation protests the award of a contract to ARGOSystems, Inc. under request for proposals (RFP) No. N00024-88-R-5512, issued by the Naval Sea Systems Command for fabricating, integrating, testing, and installing a field change evaluation kit for the AN/WLR-1H(V)3 electronic support measures system. S.T. Research argues that the Navy's evaluation of its proposal as technically unacceptable lacked a reasonable basis and that the Navy failed to conduct meaningful discussions with the firm.^{1/}

We deny the protest.

Issued on April 27, 1988, the RFP was restricted to two offerors, ARGOSystems and S.T. Research, the only firms known to have detailed technological and engineering knowledge of this electronic countermeasure system. The RFP

^{1/} S.T. Research also protested in later filings that ARGOSystems had an unfair competitive advantage and a conflict of interest. These issues will be resolved in subsequent decisions.

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called for proposals to provide production improvements to an electronic countermeasure device which provides long range area surveillance of hostile targeting emitters, enabling shipboard weapons to be engaged before hostile targeting radar is able to detect the presence of a Navy ship. The contractor will develop, test and install an evaluation change package which will incorporate the various subsystems, tolerances, interfaces, tests and standards developed during approval of this field change kit and all engineering change proposals (ECPs) previously incorporated into the system. Upon completion of this project, the Navy plans to conduct a full and open competition for the production of retrofit field change kits for existing electronic support measures systems or for incorporation into future systems procurements.

The RFP contemplated award of a firm, fixed-price contract. Proposals were to be evaluated on technical criteria and price, with technical criteria more important than price. The three technical criteria were, in descending order of importance, understanding the statement of work, corporate experience, and program management and planning. The solicitation further provided for comparison of offerors' proposed prices, and provided that the Navy might pay up to a 30 percent premium for the proposal that achieved the highest technical score.

The Navy received proposals from ARGOSystems and S.T. Research by the July 15 closing date. The Navy rated S.T. Research's initial proposal unsatisfactory on all technical criteria but acceptable as to price. Notwithstanding the technical evaluation team's finding that S.T. Research's proposal was technically unacceptable, both S.T. Research and ARGOSystems were included in the competitive range. Both offerors submitted best and final offers (BAFO) by September 2. S.T. Research did not improve its rating, and, even though it offered the lower price (a total fixed price of \$1,124,973), the Navy rejected S.T. Research's proposal as technically unacceptable. The Navy found ARGOSystems' proposal to be technically acceptable and awarded a contract to ARGOSystems for a total fixed price of \$1,642,693 on September 30.

S.T. Research contends that it met the minimum requirements of the solicitation and that the Navy's evaluation of its proposal lacked a reasonable basis. S.T. Research also argues that the Navy did not hold meaningful discussions and afford it a reasonable opportunity to submit an acceptable proposal.

In reviewing protests against the propriety of an agency's evaluation of proposals, it is not the function of our Office to independently evaluate those proposals. Ira T. Finley Investments, B-222432, July 25, 1986, 86-2 CPD ¶ 112. Rather, the determination of the relative desirability and technical adequacy of the proposals is primarily a function of the procuring agency which enjoys a reasonable range of discretion. AT&T Technology Systems, B-220052, Jan. 17, 1986, 86-1 CPD ¶ 57. Consequently, we will question an agency's evaluation only where the record clearly shows that the evaluation does not have a reasonable basis or is inconsistent with the evaluation criteria listed in the RFP. ESCO, Inc., 66 Comp. Gen. 404 (1987), 87-1 CPD ¶ 450. The fact that the protester disagrees with the agency does not render the evaluation unreasonable. Id.

Moreover, the requirement for discussions with all responsible offerors whose proposals are in the competitive range includes advising them of deficiencies in their proposals and affording them the opportunity to satisfy the government's requirements through the submission of revised proposals. Federal Acquisition Regulation (FAR) §§ 15.610(c)(2) and (5); Furuno U.S.A., Inc., B-221814, Apr. 24, 1986, 86-1 CPD ¶ 400. Agencies are not obligated, however, to afford offerors all-encompassing discussions, Training and Management Resources, Inc., B-220965, Mar. 12, 1986, 86-1 CPD ¶ 244, or to discuss every element of a technically acceptable, competitive range, proposal that has received less than the maximum possible score, Bauer of America Corp. & Raymond International Builders, Inc., A Joint Venture, B-219343.3, Oct. 4, 1985, 85-2 CPD ¶ 380, but generally must lead offerors into the areas of their proposals which require amplification. Furuno U.S.A., Inc., B-221814, supra.

The record shows that the evaluation panel considered S.T. Research's initial proposal to be unsatisfactory on all technical criteria, and identified six major areas of concern in its analysis of the proposal. The panel was concerned that S.T. Research's proposal: (1) did not clearly describe the methodology to be employed, often relied on a restatement of the requirements as set forth in the RFP, and did not discuss engineering and design issues, thereby raising concern about S.T. Research's understanding of program requirements; (2) was unclear as to whether an important subsystem, the single package antenna assembly with radio frequency side lobe inhibitor subsystem (RFSLI) which reduces signal interference from the antenna's side lobes, was offered as required by the RFP; (3) did not include sufficient information regarding S.T. Research's

experience in systems installation, logistics, documentation, and performance on related contracts; (4) was weak on documentation for logistics support, test plans and procedures, and internal controls; (5) did not address required program management issues nor include important management factors, such as a critical path diagram and quality assurance, make/buy, and subcontracting plans; and (6) did not include resumes of all key personnel. As a result of the initial evaluation, the Navy conducted written discussions with both offerors, and asked S.T. Research to answer 19 questions in the above areas. In response, S.T. Research submitted a BAFO but the Navy still considered the firm's proposal to be unacceptable.

UNDERSTANDING PROGRAM REQUIREMENTS

S.T. Research disputes the Navy's conclusion that its proposal lacked understanding of program requirements and argues that the discussion questions made no reference to this area. In our view, however, the Navy reasonably found S.T. Research's proposal unsatisfactory in this area, and provided sufficient notice in discussion questions that the agency was concerned about the firm's understanding of program requirements.

A review of S.T. Research's proposal indicates that the firm tended to describe design changes and explain the purpose behind them by repeating the language set forth in the statement of work, rather than discussing solutions or implementation of the changes. As the Navy evaluators noted, S.T. Research's descriptions of design changes were inconsistent in that the firm did not always include a risk assessment of each ECP or an analysis of how they could be implemented, and the proposal contained conflicting statements concerning the risks involved. S.T. Research also did not clearly explain its use of hardware or software to implement the changes. In addition, the firm's proposal did not address the requirement to develop an overall system specification which would integrate separate existing specifications (including ECPs incorporated into those specifications under other contracts) for the data management subsystem, signal acquisition subsystem, built-in test equipment documentation, and the new antenna assembly into one document. Rather, S.T. Research indicated that it would develop a system specification for the ECPs to be developed under this contract only.

As part of the written negotiations, the Navy asked S.T. Research a number of questions concerning the analysis, evaluation and development of modifications to the existing system, including questions relating to the impact of

changes on existing hardware and software; the firm's technical approach with respect to design changes and technical requirements; the requirement to develop an overall system specification; system interfacing and compatibility; and integration testing. All of these questions relate to S.T. Research's understanding of the program requirements.

In its BAFO, S.T. Research did not discuss the impact on existing hardware or software or how it would minimize that impact, and did not show how it intended to implement the required changes, but again simply discussed the reasons for the changes as opposed to the solutions, focusing on management issues rather than technical issues.

Further, in response to the Navy's question concerning whether the firm intended to provide an overall system specification including a complete documentation package for the field change kit, S.T. Research repeated the list of required items but did not add any information that outlined the type of changes anticipated, the order of magnitude of the changes, or the process of generating required data. The evaluators noted that although S.T. Research's BAFO stated it would provide an overall system specification, S.T. Research's proposal elsewhere indicated that the firm intended to provide a specification limited to the 37 ECPs to be developed under this contract. Thus, subsystems developed under other contracts would not be included in the data package proposed by S.T. Research. In addition, S.T. Research did not indicate that it would perform integration testing of each design change with the entire system.

In view of the deficiencies in S.T. Research's proposal and its failure to respond adequately to the Navy's questions, we find that the record supports the Navy's determination that S.T. Research's BAFO was unsatisfactory with respect to this area.

SINGLE PACKAGE ANTENNA ASSEMBLY

With respect to whether S.T. Research intended to provide a single package antenna assembly with RFSLI as required by the specifications, S.T. Research admits that its initial technical proposal stated that "RFLSI costs are not included." However, the protester argues that its BAFO clarified its commitment to provide the requested antenna assembly. We find that the evaluators' conclusion--that it was unclear from a review of S.T. Research's initial proposal and its BAFO that S.T. Research intended to supply the RFSLI antenna assembly for the BAFO price, because the

antenna assembly was specifically excluded from the initial proposal price and the BAFO contained the same price as the initial proposal--was reasonable.

S.T. Research's initial technical proposal specifically stated that the cost of the antenna assembly was not included in the offer. Moreover, one alternative of four alternatives contained in an attachment to a cover letter sent with the firm's initial proposal stated that the price for that alternative covered the base requirement. The evaluators noted that S.T. Research's proposal and attachment to its cover letter created confusion as to what type of antenna assembly it was offering. The evaluators also concluded that S.T. Research questioned the validity of the RFSLI antenna assembly requirement since it used the language "if RFSLI is implemented," and specifically stated that the cost of the assembly was not included in the proposal.

The Navy asked S.T. Research questions concerning the firm's understanding of the requirement for the RFSLI antenna; whether the price of the RFSLI antenna was included in its offer; and what in-house production capabilities the firm possessed. S.T. Research's response indicated that costs for the RFSLI antenna assembly were included in its BAFO price, but did not explain why they had been excluded from its initial offer, and did not address how such a feature would be incorporated into the field change kit. Since the firm did not increase its final price over its initial price to cover this very complex and expensive piece of equipment which represents a major part of the field change kit, and since S.T. Research failed to provide detailed information as to its production capacity or include any information as to its ability to link the subsystem to other systems, we find that the record supports the Navy's analysis of S.T. Research's BAFO with respect to the firm's understanding the statement of work regarding the RFSLI antenna requirement.

EXPERIENCE

With respect to the third weakness, information on experience in systems installation, logistics, documentation, and performance on related contracts, S.T. Research's initial proposal described its production experience but did not describe any experience in software and hardware integration testing, an important requirement for this system. The Navy asked S.T. Research several questions regarding its integration testing experience, as well as its experience in shipboard installation and evaluation testing. S.T. Research's BAFO described its experience, which, the

Navy found, did not support the firm's claim of extensive integration testing or shipboard installation experience.

Our review of the record supports the Navy's determination in this area. S.T. Research did not provide a detailed description of its hardware and software integration testing; rather, the firm described the elements in the system and its development efforts. Additionally, the experience cited was on a very small scale. With regard to shipboard installation experience, although S.T. Research did list eight examples of its experience, some of those installations were defective, the Navy reports that some required only overhaul or repair, and others were done many years ago.

In view of the deficiencies in S.T. Research's experience provided in the firm's proposal and its failure to provide adequate information to remedy those deficiencies, we find the Navy's judgment of S.T. Research's experience to be reasonable.

DOCUMENTATION FOR LOGISTICS SUPPORT, TEST PLANS AND INTERNAL CONTROLS

The fourth major concern that the evaluators had regarding S.T. Research's proposal was the lack of substantive information on documentation for logistics support, test plans and procedures, and internal controls. The Navy found that S.T. Research did not address the details of the requirement or show an adequate understanding of the difficulty involved in the generation of technical data resulting from anticipated changes, and that the proposal used only general statements in its analysis of such areas as test documentation, design data or shipboard evaluation testing documentation. In addition, S.T. Research did not discuss supply support documentation, technical manual changes, or data for training materials.

The Navy asked S.T. Research a general question concerning the firm's intention to provide a complete documentation package for the field change kit. In its BAFO, S.T. Research listed the data items required by the statement of work. The evaluators concluded that S.T. Research did not outline the type of changes anticipated in documentation, or provide any material concerning the magnitude of those changes, so as to indicate that the firm understood the substantive requirements of the generation of data; rather, S.T. Research had merely parroted back the list of documents provided in the RFP.

Our review of the record supports the Navy's conclusions. S.T. Research's BAFO response merely repeated the list of documents provided in the RFP without further clarification of the changes and effort required for the generation of the documentation. Accordingly, we find the Navy's analysis of S.T. Research's proposal as to documentation for logistics support, test plans and internal controls to be reasonable.

PROGRAM MANAGEMENT

The fifth major weakness related to program management issues such as the inclusion of a critical path diagram and quality assurance, make/buy and subcontracting plans. S.T. Research's initial proposal contained these items but they were discussed on the pages that exceeded the 100-page limit the RFP imposed on offerors. (The RFP stated that any pages in excess of the limit would not be read or evaluated.) However, the Navy afforded S.T. Research the chance to supply the missing information via a discussion question that asked if the firm planned to supply the critical path diagram and three plans in question as well as a glossary.

In response to the discussion question, S.T. Research referred the Navy to the pages relating to the three plans contained in its initial proposal which fell beyond the 100-page limit. Under the terms of the RFP, the evaluators felt that they could not consult those pages and S.T. Research did not supply any other material with its BAFO concerning the three plans. With respect to the critical path diagram, the Navy could not understand the diagram submitted since the chart again required reference to the pages of S.T. Research's initial proposal that fell beyond the 100-page limit. In addition, although S.T. Research stated in its proposal that it did not intend to use subcontractors, when listing its key personnel for shipboard installation, the firm named a private consultant that it had not listed as a subcontractor. According to S.T. Research, it did not list the consultant as a subcontractor because it intended to make limited use of the consultant.

Whether or not the Navy properly ignored the pages relating to the three plans and the critical path diagram that fell beyond the 100-page limit, we find that S.T. Research was not prejudiced as a result, in light of the magnitude of the deficiencies in the technical and experience areas of its proposal. Moreover, because the RFP required that all subcontractors be identified and information on the

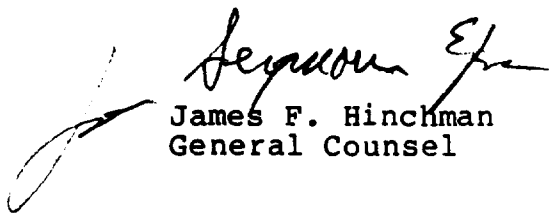
authority and responsibility for them supplied, we find that S.T. Research erred in not identifying the private consultant in its proposal.

RESUMES OF KEY PERSONNEL

Finally, S.T. Research argues that the last weakness, the failure of the firm to supply resumes of all key personnel, should not have been identified as a weakness since resumes of all key personnel were not required by the RFP. S.T. Research initially supplied resumes of only some of its key personnel, believing that resumes of all key personnel were not required. When the Navy asked for clarification regarding key personnel in connection with the requirement for shipboard evaluation testing and installation, S.T. Research submitted additional resumes only of personnel involved in shipboard testing and installation. The Navy acknowledges that its discussion question regarding resumes of key personnel was open to misinterpretation, because it was placed under a heading related to the requirements for shipboard installation and evaluation testing, and that the firm's response to the discussion question was consistent with such misinterpretation. The Navy correctly notes, however, that S.T. Research's key personnel were judged to be adequate and that the firm's failure to supply the desired, but not required, resumes in its BAFO did not affect the Navy's determination of S.T. Research's technical unacceptability.

Accordingly, we find that the Navy's evaluation of S.T. Research's proposal was reasonable and consistent with the solicitation's evaluation criteria, and that the Navy conducted meaningful discussions with S.T. Research.

The protest is denied.



James F. Hinchman
General Counsel